

**DODGE COUNTY
JOINT MEETING OF THE HEALTH FACILITIES
AND FINANCE COMMITTEES
CLEARVIEW ~ GATHERING ROOM
198 COUNTY DF
JUNEAU, WI 53039
OCTOBER 13, 2015**

MINUTES

1. **CALL TO ORDER:** Meeting was called to order by Chairman Bischoff at 8:38 a.m. with the following members present:

2. **ROLL CALL:**

Larry Bischoff
Lisa Derr
Jeff Duchac
Tom Schaefer

Absent: Dan Hilbert

ALSO PRESENT:

James Mielke, Dodge County Administrator; Russell Kottke, Dodge County Board Chairman; Jim Block, CPA from Johnson Block and Company, Inc.; Tara Bast, from Johnson Block and Company, Inc.; Ruth Otto, Dodge County Director of Information Technology; Christine Kjornes, Dodge County Deputy County Clerk; Scott Smith, Chief Deputy - Dodge County Sheriff's Department; Phillip Gohr, Dodge County Board Supervisor (District 14); and Wayne Uttke, Dodge County Board Supervisor (District 11).

Clearview: Jane E. Hooper, Administrator; Bill Wiley, Director of Finance; Jacqueline Kuhl, Brain Injury Center Coordinator; Ann Schulz, Director of Nursing Services; Lori Kurutz, Director of Support Services; Heather Hearley, Director of Dietary Services; Jim Hill, Director of Environmental Services; and Larissa Ramirez, Marian University intern.

Finance: Julie Kolp, Finance Director; and Eileen Lifke, Assistant Finance Director.

Human Services: Ken Kamps; Steve Edwards; Sheila Drays; and Alyssa Schultz.

3. **PRESENTATION BY JOHNSON^BLOCK AND COMPANY, INC. (at 9:00 a.m.):**

Jim Block, Johnson^Block and Company, Inc. partner appeared to present information on Clearview's Financial Statements. According to Block, Dodge County's 2014 and 2013 Audit Reports include Clearview's financial statements but in a modified accrual format. At April's Finance Committee meeting, it was proposed Johnson^Block present full accrual statements for Clearview in draft form for evaluation of usefulness. The purpose would be to provide a long-term view of Clearview's financial status with consideration

given to the debt of construction. If useful, they could be added to the audit report in future years as supplemental information. Block continued with an explanation to committee members the difference between full accrual and modified accrual financial statements. On the Statement of Revenues, Expenses, and Changes in Net Position, Block noted:

- Operating loss of \$1,395,201 included cost of county shared services which include computer, payroll, legal and personnel services. These are non-cash expenses for Clearview because the service department absorbs the cost.
- Income loss of \$2.9 million before transfers. This number includes the non-cash expense of the county shared services which is factored in the monetary transfers from the county.
- Transfer of \$2.22 million Sales Tax for Debt Service and non-cash transfer of \$373,410 for county shared services are included to determine Change in net position.
- 2014 Change of net position was (\$315,327). Clearview's net position at 2014 year end was \$11,518,578. According to Block, most nursing homes in Wisconsin experience annual loss and in many cases, the losses are higher.

Block continued with information on the Statement of Cash Flows. In 2014, there was a drop of \$629,408 in Cash and Cash Equivalents between January 1, 2014 and December 31, 2014. Block attributed the drop to decreased interest payments resulting from refinancing 2010's Debt Service. Recording of depreciation also attributed to the drop.

During the discussion it was noted that there were financial impacts related to a Medicaid rate adjustment (decrease) and higher than projected write-offs which occurred in 2014.

Block provided this service at no cost to the county and therefore the document will stay in draft form. If the county determines this report to be usefulness, Johnson^Block will include it as a separate report in 2015's audit report at an additional charge.

Tara Bast, Johnson^Block supervisor appeared to present information on 2014's Schedule of Expenditures of Federal and State Awards (SEFSA), also known as the Single Audit. Entities who spend more than \$500,000 (\$750,000 in 2015) of Federal monies are required to complete the SEFSA. Bast provided committee members with a Single Audit Report Summary and explained the auditor's role in the SEFSA. According to Bast, the purpose of the Single Audit is to ensure compliance with expenditure of Federal funds, assess internal controls and make sure financial statements and schedule of awards are fairly stated. Financial information and operations are analyzed to determine instances of noncompliance, significant deficiencies or material weakness. Material Weakness is the most severe finding since it could create a reasonable possibility that a material misstatement or material noncompliance will not be detected and prevented in a timely basis. Significant deficiency is less severe but should still be communicated to

management. Instances of non-compliance are the least severe and it could affect the quality of those being served, program integrity or weakness of internal controls.

Discussion regarding the two report findings related to Clearview. **Finding Number 2014-001 Condition:** The County did not perform regular reconciliations of Clearview's detailed accounts receivable records and other subsidiary account details to the general ledger (Material Weakness).

Management Response: Management agrees with the recommendation and Clearview will require monthly reconciliation of accounts receivable to the general ledger. Clearview is pursuing initiatives to strengthen reconciliation of all balance sheet accounts and will formalize written procedures that are fully documented and understood. The reconciliation of accounts receivable will be done monthly and implement appropriate supervisory review process. The Clearview Financial Director will monitor activities being performed is executed competently and accurately.

Finding Number 2014-002 Condition: The County's procedures used to estimate Clearview's uncollectible accounts receivable did not provide a reasonable estimate of uncollectible amounts at year end (Material Weakness).

Management Response: Management agrees with the recommendations and Clearview will apply a calculation of recording a percentage of monthly gross receivables and an estimate of uncollectible accounts. The initial percentage is based on industry average and will be analyzed based on Clearview's actual experience. The analysis will be done on a semi-annual basis to determine if the estimate will be adjusted. Clearview is pursuing initiatives to strengthen this estimate and will formalize written procedures that are fully documented and understood. The Clearview Finance Director will monitor activities being performed is executed competently and accurately.

Wiley handed out copies of the Clearview Allowance for Doubtful Accounts and Write Off procedures. These two procedures will be used to correct the 2014-002 condition of the 2014 Dodge County audit.

Wiley then stated that he was working on the 2014-001 condition of the 2014 audit. He is currently researching the transactions that comprise the Accounts Receivable and Pre-paid Room Charges accounts.

Wiley also mentioned that he is revising the current Clearview aging receivables procedure and will propose a revised procedure to the Health Facilities Committee when completed.


Additional Health Facilities Committee follow-up will take place at the next meeting.

4. **NEXT MEETING DATES:** Wednesday, October 28, 2015, at 7:45 a.m., and Wednesday, December 2, 2015, at 7:45 a.m., in the Chapel at Clearview, located on the first floor, 198 County DF, Juneau, Wisconsin.

5. **ADJOURN:** There being no further business to come before the Committee, Motion by Duchac to adjourn; seconded by Schaefer. Meeting adjourned at 10:44 a.m.

Dated this 2nd day of December, 2015.

Respectfully submitted,



Thomas Schaefer, Secretary